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**TO: Economic Support Supervisors
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**FROM: Amy Mendel-Clemens
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Section
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Division of Health Care Financing**

BEM/DWS OPERATIONS MEMO

No: 05-50

DATE: 12/05/2005

FS	<input checked="" type="checkbox"/>	MA	<input checked="" type="checkbox"/>	SC	<input type="checkbox"/>
CTS	<input checked="" type="checkbox"/>	CC	<input type="checkbox"/>	W-2	<input checked="" type="checkbox"/>
FSET	<input type="checkbox"/>	EA	<input type="checkbox"/>	CF	<input type="checkbox"/>
JAL	<input type="checkbox"/>	JC	<input type="checkbox"/>	RAP	<input type="checkbox"/>
WIA	<input type="checkbox"/>	Other	EP	<input type="checkbox"/>	★

PRIORITY: HIGH

SUBJECT: CHANGES IN W-2 and CTS CHILD SUPPORT PASS - THROUGH

CROSS REFERENCE: W-2 Manual
Caretaker Supplement Handbook, Section III

EFFECTIVE DATES: IMMEDIATELY and JANUARY 1, 2006

PURPOSE

This memo is the first in a series of Operations Memos (OM) to inform and provide guidance to W-2 and Income Maintenance (IM) agencies regarding a Federal change in child support pass-through effective January 1, 2006. These changes affect participants who are receiving Wisconsin Works (W-2) or Caretaker Supplement (CTS) cash assistance starting January 1, 2006. It also affects those who have previously received W-2 cash assistance but are no longer participating in W-2. This memo includes:

1. Background and policy information regarding the Federal change,
2. Child support (CS) change notification guidance for W-2 and CTS cash benefit recipients receiving child support, and
3. Guidance regarding use of an updated form for assigning child support and other programs.

Additional guidance on CARES and KIDS system changes and other information is expected to be provided in another Operations Memo near the end of December 2005.

BACKGROUND

When an individual begins receiving W-2 or CTS cash assistance, he/she is required by law to assign child support payments to the State as a condition for receiving these benefits. Wisconsin has had a Federal waiver that allowed W-2/CTS participants to receive full (100%) pass through of the assigned child support payments. The Federal government has notified Wisconsin that this waiver has been terminated. As of January 1, 2006, the Federal share of assigned child support can no longer be passed through to W-2 and CTS program participants who are receiving cash assistance. However, the State share of assigned child support will continue to be passed through to these W-2 and CTS participants. Also, the Federal government has agreed to an approach that will phase in the increased Federal share of assigned child support retained during CY 2006.

POLICY

Effective January 1, 2006, Wisconsin will stop passing through the full (100%) amount of assigned child support to those who are receiving W-2 and CTS cash assistance. The reduction of the Federal share (58%) of the assigned child support payment will be phased-in over the first three quarters of calendar year 2006, until October 1, 2006. (See table below).

NOTE ➤ The amount of W-2 and CTS cash assistance received by participants will not be affected by this change in child support. Also, the State share (42%) of assigned child support will continue to be passed through to W-2 and CTS participants.

While all CTS participants receiving assigned child support on January 1, 2006, will be affected, only certain W-2 participants receiving assigned child support will be affected. Only CSJ, W-2 T and certain Custodial Parent of an Infant (CMC) participants receiving assigned child support will be affected by this change. An individual in a CMC placement receiving assigned child support that had a CSJ or W-2 T placement immediately before or after the CMC placement will be affected, since the total months of consecutive cash assistance received exceed four months. Until additional guidance on individuals in the CMC placement who were not in a CSJ or W-2 T placement prior to or following the CMC placement is provided, W-2 CMC participants should be referred to the child support agency to determine whether assignment of their child support payments will be affected.

Please note that those in an unpaid W-2 case management placement, or placed in a Trial Job (TJ) placement, and those receiving only emergency assistance or child care assistance are not affected by this change.

The phased-in change in the Federal share reduction of assigned child support is shown in the following table. This table provides the approximate monthly percentages of assigned CS pass-through and retention for CY 2006, until the full Federal share is retained starting October 2006.

CY Month	Percentage of Assigned CS Retained for Federal Share	Percentage of Assigned CS passed on to Affected W-2 or CTS Participant
Current CY 2005 Months	0%	100%
January 2006 – March 2006	15%	85%
April 2006 – June 2006	29%	71%
July 2006 – Sept 2006	44%	56%
October 2006 and beyond	58%	42%

The table below provides an example to illustrate the effects of the phased-in change on child support income amounts received. This example uses a \$100/month child support payment for an affected W-2 or CTS participant. Any W-2 or CTS participant with questions on how their specific child support will be affected should be referred to their local child support agency for more detailed information.

Months in 2006	Assigned CS Paid	CS Retained by Federal Rules	CS passed on to recipient
January	\$100	\$15	\$85
February	\$100	\$15	\$85
March	\$100	\$15	\$85
April	\$100	\$29	\$71
May	\$100	\$29	\$71
June	\$100	\$29	\$71
July	\$100	\$44	\$56
August	\$100	\$44	\$56
September	\$100	\$44	\$56
October*	\$100	\$58	\$42
November*	\$100	\$58	\$42
December*	\$100	\$58	\$42

* Full Federal portion is kept from October 2006 and beyond.

W-2 AND CTS PARTICIPANT CS PASS-THROUGH CHANGE NOTIFICATION

Bureau of Child Support (BCS) Change Notification Actions - In preparation for the pass-through waiver expiration date of December 31, 2005, the DWS Bureau of Child Support (BCS) will be mailing approximately 20,000 information notices directly to current and former W-2 and to current CTS participants, who may be affected by this change. This number reflects child support cases that have had at least one child support payment within the last twelve months who are current or previous W-2 participants, and those who are current CTS participants. These mailings will be done by BCS staff per the following estimated schedule:

Date	Group	Notice Color
December 2, 2005	Current W-2 Families	Green
December 2, 2005	Current Caretaker Supplement Families	Yellow
December 9, 2005	Former W-2 Families	Blue

W-2 and CTS Program Supplemental Notification Actions – Effective Immediately, both W-2 agencies and CTS program agencies are required to provide information handouts to applicants as noted below. These handouts are copies of what will be mailed out by BCS to W-2 and CTS participants who are currently receiving assigned child support. Information regarding Spanish and Hmong versions of these same handouts can be obtained by clicking on the Bureau of Child Support (BCS) Website at: <http://dwd.wisconsin.gov/bcs/> (starting December 1, 2005) or by calling (414) 615-2400 in the Milwaukee Metro area or (800) 991-5530 outside of the Milwaukee Metro Area.

- **Attachment One, BCS Information Handout for W-2 Agency Use**
Effective Immediately, W-2 agencies must provide a copy of **Attachment One** to each W-2 applicant. Attachment One (Current W-2 Cash Benefits) is a copy of the BCS information handout that will be mailed in early December 2005 to current W-2 families with assigned child support. Please indicate to the W-2 applicant that not all CMC placements are subject to a change in assigned child support. Any W-2 applicant that

has questions regarding their assigned child support amounts should be referred to the child support agency for more specific child support information.

- **Attachment Two, BCS Information Handout for CTS Agencies**
Effective Immediately, CTS Program Agencies will provide a copy of **Attachment Two** to each CTS applicant. Attachment Two (Caretaker Supplement) is a copy of the BCS information handout that will be mailed to all current Caretaker Supplement (CTS) families with assigned child support in early December 2005.

Both W-2 Agencies and CTS Agencies should note that the above handouts replace previous child support information publication **DWSC-10764-P (R. 07/02), Child Support and You**. All English and other language versions of publication DWSC-10764-P will no longer be used and any local stock of this publication should be destroyed.

NEW CHILD SUPPORT ASSIGNMENT FORM FOR W-2, CTS, AND IM AGENCY USE

The **NOTICE OF ASSIGNMENT for CHILD SUPPORT, FAMILY SUPPORT, MAINTENANCE, AND MEDICAL SUPPORT** has been reworded to be applicable to both current and new child support assignment language related to the upcoming change. It should be downloaded from the DWD Forms Website at: [DWSP-2477\(R 10/2005\)](#). Prior versions are no longer available at the DOA warehouse or on the DWD Forms Website. Spanish and Hmong language versions of this form are being developed and are expected to be on the DWD Forms Website by January 31, 2006.

Effective Immediately, W-2, CTS, and IM Agencies must begin using this new [DWSP-2477 \(R 10/2005\)](#) version for all new applicants, as applicable for their programs. W-2 agencies should be aware that W-2 CSJ, W-2-T, and CMC participants who are receiving assigned child support on January 1, 2006, will need to be contacted to have the participant sign this new form, if they have not previously done so.

For ongoing W-2 Participants - A phased-in approach for signing this new form is anticipated and requirements will be provided in a follow-up Operations Memo. A W-2 participant's refusal to sign the child support assignment form can be addressed on the form by the respective case worker and will not delay or prevent the change in assigned child support from being implemented.

For ongoing CTS Participants – Have the customer sign a new form at their next face-to-face review for CTS or another program of assistance. If you are conducting a mail-in review, include the form with instructions to sign and return it to the agency.

OTHER PROGRAMS

Only FoodShare (FS), Medicaid (MA), BadgerCare (BC) and Child Care (CC) recipients who also receive either W-2 or CTS will experience a change in their child support payments. These recipients may report the change in household income to their ES worker. Changes reported must be acted upon in the same manner as any other reported change.

Recipients receiving FS, MA, BC or CC without receiving W-2 or CTS will see no change in their child support payments because of this change. No amount of the child support payment is retained by the State or Federal government.

CONTACTS

BEM CARES Information & Problem Resolution Center

★Program Categories – FS – FoodShare, MA – Medicaid, SC – Senior Care, CTS – Caretaker Supplement, CC – Child Care, W-2 – Wisconsin Works, FSET – Food Stamp Employment and Training, CF – Children First, EA – Emergency Assistance, JAL – Job Access Loan, JC - Job Center Programs, RAP – Refugee Assistance Program, WIA – Workforce Investment Act, Other EP – Other Employment Programs.

DWD/DWS/BW2-BCS/BP/JE